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SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-70888; File No. SR-NYSE-2013-73]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Expanding Co-location Services to Provide for a Lower-Latency 10 Gigabit Liquidity Center Network Connection in the Exchange's Data Center
November 15, 2013.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on November 7, 2013, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to expand its co-location services to provide for a lower-latency 10 gigabit ("Gb") Liquidity Center Network ("LCN") connection in the Exchange's data center. The text of the proposed rule change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places

¹ 15 U.S.C.78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to expand its co-location services to provide for a new lower-latency 10 Gb LCN connection, referred to as the "LCN 10 Gb LX," in the Exchange's data center.⁴ The Exchange will propose applicable fees for the proposed LCN 10 Gb LX connection via a separate proposed rule change.

The LCN is a local area network that is available in the data center and that provides Users with access to the Exchange's trading and execution systems and to the Exchange's proprietary market data products.⁵ LCN access is currently available in one, 10 and 40 Gb

⁴ The Securities and Exchange Commission ("Commission") initially approved the Exchange's co-location services in Securities Exchange Act Release No. 62960 (September 21, 2010), 75 FR 59310 (September 27, 2010) (SR-NYSE-2010-56) (the "Original Co-location Approval"). The Exchange operates a data center in Mahwah, New Jersey (the "data center") from which it provides co-location services to Users. The Exchange's co-location services allow Users to rent space in the data center so they may locate their electronic servers in close physical proximity to the Exchange's trading and execution system. See id. at 59310.

⁵ For purposes of the Exchange's co-location services, the term "User" includes (i) member organizations, as that term is defined in NYSE Rule 2(b); (ii) Sponsored Participants, as that term is defined in NYSE Rule 123B.30(a)(ii)(B); and (iii) non-member organization broker-dealers and vendors that request to receive co-location services directly from the Exchange. See, e.g., Securities Exchange Act Release No. 65973 (December 15, 2011), 76 FR 79232 (December 21, 2011) (SR-NYSE-2011-53). As specified in the Exchange's Price List, a User that incurs co-location fees for a particular co-location service pursuant thereto would not be subject to co-location fees for the same co-location service charged by the Exchange's affiliates NYSE MKT LLC and NYSE Arca, Inc. See Securities Exchange Act Release No. 70206 (August 15, 2013), 78 FR 51765 (August 21, 2013) (SR-NYSE-2013-59).

bandwidth capacities.⁶ The Exchange proposes to make a second 10 Gb LCN connection available in the Exchange’s data center, the LCN 10 Gb LX, which would have a lower latency than the existing 10 Gb LCN connection. The LCN 10 Gb LX is expected to have latency levels similar to those of the existing 40 Gb LCN connection.

The Exchange is proposing this change in order to make an additional service available to its co-location Users and thereby satisfy demand for more efficient, lower latency connections. By utilizing ultra low-latency switches, the LCN 10 Gb LX connection would provide faster processing of messages sent to it in comparison to the existing, standard 10 Gb LCN connection. A switch is a type of network hardware that acts as the “gatekeeper” for a User’s messaging (e.g., orders and quotes) sent to the Exchange’s trading and execution system from the data center. As a consequence, Users needing only 10 Gb of bandwidth, but seeking faster processing of those messages, would have the option of utilizing the faster and more efficient LCN 10 Gb LX connection.⁷ Both the proposed LCN 10 Gb LX connection and the 40 Gb LCN connection would represent the lowest latency currently available to Users.

As is the case with all Exchange co-location arrangements, (i) neither a User nor any of the User’s customers would be permitted to submit orders directly to the Exchange unless such

⁶ See id.

⁷ The existing one Gb and 10 Gb LCN connections use the same type of switch and the existing 40 Gb LCN connection uses a second type of switch, but the switches are of uniform type within each offering. The proposed new LCN 10 Gb LX would use the same type of switch as the existing 40 Gb LCN. As a consequence, all co-located Users of a particular connectivity option receive the same latency in terms of the capabilities of their switches. At this time, the Exchange is not proposing to make low-latency switches available for 10 Gb CSP connections because, at least initially, User demand is not anticipated to exist. For a 10 Gb LX “Bundle,” SFTI and optic connections would be at standard 10 Gb latencies and only the LCN connections would be lower latency. The Exchange will include language in its Price List in the related fee change to reflect this fact.

User or customer is a member organization, a Sponsored Participant or an agent thereof (e.g., a service bureau providing order entry services); (ii) use of the co-location services proposed herein would be completely voluntary and available to all Users on a non-discriminatory basis;⁸ and (iii) a User would only incur one charge for the particular co-location service described herein, regardless of whether the User connects only to the Exchange or to the Exchange and one or both of its affiliates.⁹

The proposed change is not otherwise intended to address any other issues relating to co-location services and/or related fees, and the Exchange is not aware of any problems that Users would have in complying with the proposed change.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Sections 6(b)(5) of the Act,¹¹ in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions

⁸ As is currently the case, Users that receive co-location services from the Exchange will not receive any means of access to the Exchange's trading and execution systems that is separate from, or superior to, that of other Users. In this regard, all orders sent to the Exchange enter the Exchange's trading and execution systems through the same order gateway, regardless of whether the sender is co-located in the data center or not. In addition, co-located Users do not receive any market data or data service product that is not available to all Users, although Users that receive co-location services normally would expect reduced latencies in sending orders to, and receiving market data from, the Exchange.

⁹ See SR-NYSE-2013-59, supra note 5 at 51766. The Exchange's affiliates have also submitted the same proposed rule change to provide for LCN 10 Gb LX connections. See SR-NYSEMKT-2013-92 and SR-NYSEArca-2013-123.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

in securities, to remove impediments to, and perfect the mechanisms of, a free and open market and a national market system and, in general, to protect investors and the public interest and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed LCN 10 Gb LX connection would assist Users in making their network connectivity more efficient by reducing the time that messaging (e.g., orders and quotes) takes to reach the Exchange's trading and execution system once sent from their co-located servers and also the time that market data takes to reach their co-located servers. Speed and efficiency are important drivers of the U.S. securities markets. The Exchange is proposing to offer a co-location connectivity solution that would promote these drivers by providing state of the art technology that would be available to all Users. The Exchange believes that the LCN 10 Gb LX connection would remove impediments to and perfect the mechanism of a free and open market and a national market system by providing for improved speed and efficiency of message processing (e.g., orders and quotes) from Users' co-located servers.

The Exchange also believes that the reduction in latencies attributed to the LCN 10 Gb LX connection would serve to protect investors and the public interest by providing Users with the most efficient means of processing their messages sent to the Exchange's trading and execution system from the data center.

The Exchange also believes that the proposed LCN 10 Gb LX connection is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers because it would make a service available to Users that require the low-latency connection, but Users that do not require the lower latency could continue to request an existing 10 Gb LCN connection. The Exchange anticipates that the latency for the proposed LCN 10 Gb LX connection would be

comparable to that of the existing 40 Gb LCN connection. Both the proposed LCN 10 Gb LX connection and the 40 Gb LCN connection would represent the lowest latency currently available to Users. The 40 Gb LCN provides the greatest bandwidth available on the Exchange, which is important for Users that have high order flow and ingest large amounts of market data and demand the greatest bandwidth possible to handle such message flow. Some Users, however, have systems that are not compatible with a 40 Gb LCN connection, or do not have bandwidth demands that would require a 40 Gb LCN connection, but still put a premium on reducing latency. The LCN 10 Gb LX is designed to meet this demand. Ultimately, a User will be able to choose between the proposed new LCN 10 Gb LX connection or the existing one, 10 and 40 Gb LCN connections to suit its needs. The Exchange believes that this would remove impediments to, and perfect the mechanisms of, a free and open market and a national market system and, in general, protect investors and the public interest because it would provide Users with additional choices with respect to the optimal bandwidth and latency for their connections.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

For these reasons, the Exchange believes that the proposal is consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,¹² the Exchange believes that the proposed rule change will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because any market participants that are otherwise capable of satisfying any applicable co-location fees, requirements, terms and conditions established from time to time by the Exchange could have access to the co-location services provided in the

¹² 15 U.S.C. 78f(b)(8).

data center. This is also true because, in addition to the services being completely voluntary, they are available to all Users on an equal basis (i.e., the same range of products and services are available to all Users).

The Exchange also believes that the proposed LCN 10 Gb LX connection will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because it will satisfy User demand for more efficient, lower-latency connections, but Users that do not require the lower latency could continue to request an existing LCN connection. Similarly, it will provide an option for a User whose system is not compatible with a 40 Gb LCN connection, or does not have bandwidth demands that would require a 40 Gb LCN connection, but that puts a premium on reducing latency. Additionally, the Exchange believes that the proposed change will enhance competition between competing marketplaces by enabling the Exchange to provide a low-latency connectivity option to Users that is similar to a service available on other markets. For example, The NASDAQ Stock Market LLC (“NASDAQ”) also makes a low-latency 10 Gb fiber connection option available to users of its co-location facilities.¹³

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if, for example, they deem fee levels at a particular venue to be excessive or if they determine that another venue’s products and services are more competitive than on the Exchange. In such an environment, the Exchange must continually review, and consider adjusting, the services it offers as well as any corresponding fees and credits to remain competitive with other exchanges. For the reasons described above,

¹³ See NASDAQ Rule 7034. NASDAQ refers to this connectivity option as the “10 Gb Ultra” connection. See also Securities Exchange Act Release No. 70129 (August 7, 2013), 78 FR 49308 (August 13, 2013) (SR-NASDAQ-2013-099).

the Exchange believes that the proposed rule change reflects this competitive environment.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁴ and Rule 19b-4(f)(6) thereunder.¹⁵ Because the foregoing proposed rule change does not: (1) Significantly affect the protection of investors or the public interest; (2) impose any significant burden on competition; and (3) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁶ and Rule 19b-4(f)(6) thereunder.¹⁷

A proposed rule change filed under Rule 19b-4(f)(6)¹⁸ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁹ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6).

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has met this requirement.

¹⁸ 17 CFR 240.19b-4(f)(6).

¹⁹ 17 CFR 240.19b-4(f)(6)(iii).

filing. The Exchange requested waiver of the 30-day operative delay in order to immediately implement the proposed rule change so that Users may experience the benefits of such proposed change as soon as possible. The Exchange represented that a waiver of the operative delay would be in the public interest and would contribute to the protection of investors because it would permit additional Users to have access to lower-latency LCN connections, including those Users whose systems are not compatible with the existing 40 Gb LCN connection or who do not have bandwidth demands that would require a 40 Gb LCN connection. The Exchange further stated that the benefit of such lower latency would indirectly benefit customers of such Users and would serve to protect investors and the public interest, in that the LCN 10 Gb LX connection would provide Users with the most efficient means of processing customer orders that are sent to the Exchange's trading and execution system from the data center. The Exchange stated its belief that the proposed LCN 10 Gb LX connection does not raise any novel or unique issues or concerns. The Exchange further stated that it does not anticipate any negative consequence, whether for Users, the investing public or otherwise, as a result of granting a waiver of the operative delay. For the above reasons, the Commission believes waiver of the operative delay is appropriate and hereby grants the Exchange's request and designates the proposal operative upon filing.²⁰

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the

²⁰ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Commission shall institute proceedings under Section 19(b)(2)(B)²¹ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSE-2013-73 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSE-2013-73. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F

²¹ 15 U.S.C. 78s(b)(2)(B).

Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-2013-73 and should be submitted on or before [INSERT DATE 21 DAYS FROM PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

Kevin M. O'Neill,
Deputy Secretary.

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²² 17 CFR 200.30-3(a)(12).